



L. Possehl & Co. mit beschränkter Haftung

Policy Statement on the Human Rights Strategy

I. Preamble

L. Possehl & Co. mit beschränkter Haftung (L. Possehl) is the management holding company of the internationally operating Possehl Group (Possehl). Possehl is a diversified technology group with more than 200 subsidiaries in ten economically independent business units with more than 13,000 employees, almost half of them in Germany.

The Possehl Group is characterised by entrepreneurship, responsibility as well as tradition and progress. On the one hand, Possehl can look back on a long history, on the other hand, today's company portfolio also consists of innovative world market leaders. Our sustainable and forward-looking actions are also characterised by our sole shareholder, the charitable Possehl Foundation.

We are committed to respecting human rights and environmental obligations within our supply chains and consider the protection of human rights as a central element of our economic activities. Possehl recognises the International Human Rights Charter. We also base our approach to human rights on the UN Guiding Principles on Business and Human Rights and the core conventions of the International Labour Organization (ILO). Furthermore, we recognise the agreements on human rights and working conditions as stated in the German Lieferkettensorgfaltspflichtengesetz (LkSG). We consider these international agreements and declarations to be the basis of our commitment and understanding of how we do business.

II. Scope

This policy statement includes L. Possehl as well as all domestic and foreign companies on which L. Possehl exercises a decisive influence. With this document, we set out internally and externally our fundamentally defined goals and implementation efforts for the observance of human rights in our business activities and our relationships with business partners. Our definition of human rights includes environmental aspects that ultimately impact human rights.

We integrate the principles stated in this declaration into our systems and processes and make them an integral part of them. The management of the Possehl business units is responsible for ensuring that the measures and requirements defined in this declaration are implemented in their respective areas of responsibility. Where local human rights conventions or standards conflict with international human rights conventions or standards, or where state jurisdiction and/or enforcement deviates from them, we will seek ways to respect human rights in accordance with international human rights conventions and standards to the fullest extent possible while complying with local laws.

III. Our Human Rights Due Diligence Approach

III.1 Risk Management and Risk Analysis

In order to safeguard and respect our human rights due diligence obligations, we have started to implement a group-wide risk management system. The responsibility for the implementation, realisation and monitoring lies with the management and the human rights officer (Menschenrechtsbeauftragter) of L. Possehl as well as the management of our subsidiaries and their respective human rights officers.

The position of the human rights officer at L. Possehl is implemented directly below the management. This ensures short and direct communication with the decision-makers, especially when it comes to the immediate implementation of preventive and remedial measures. The main tasks of the human rights officer at L. Possehl consist of the Group-wide monitoring of the implementation of the due diligence obligations according to the LkSG and the function as a link between the Group parent company, the operating units and the management. In addition, the human rights officer at L. Possehl has the task of providing suggestions for the further development of the risk management system. The human rights officer has adequate resources and competences at his disposal to fulfil his tasks.

Our risk management system takes into account the diversification of the Possehl Group and the associated different business activities. As the risk structures in the individual business units also differ, we have created additional responsibilities in the individual business units in addition to the central responsibility at the holding company level and have thus put together a Group-wide team that can cope with this complex and responsible task. This internal team is supported by external advisors.

Our risk management system consists of four interconnected elements:

1. systematic identification and assessment of human rights risks;
2. definition and implementation of meaningful and targeted measures to reduce risks in the Group companies and in the supply chain;
3. implementation of appropriate controls;
4. ongoing documentation and regular reporting.

We understand the above elements as an interlocking system and a continuous process at the same time, with the aim of continuously adapting and improving our risk management system.

We carry out the risk analysis of our direct suppliers in two consecutive steps. First, the direct suppliers¹ are recorded in a software developed together with an affiliated company and fundamentally categorised with regard to possible human rights violations. In the first run of the risk analysis and risk assessment, which we carried out until the beginning of 2023, the focus was on a consideration of direct suppliers and an initial risk mapping. We analysed the business relationships through a general approach by looking at industries, products and production locations and countries. To analyse potential risks, we drew on various external studies and surveys as well as our own findings and direct assessments.

In our assessment of the risks, we have taken into account criteria such as the type and scope of business activity, the ability to influence the direct causer as well as the severity, reversibility and probability of the causation. Based on the findings, guidelines have been developed for the individual business units, which can be used to conduct further analyses.

¹ Insofar as we have come to the conclusion that certain supplier groups do not show any risk potential, we have not included them in the further risk analysis. For example, we did not consider private individuals in the further analysis process.

We have divided the suppliers into three risk categories. If suppliers show a potentially higher risk with regard to human rights violations, we will look at them in more detail in a second step using a detailed questionnaire (self-assessment questionnaire) and, if necessary, also an on-site audit.

If we have profound knowledge based on our own findings or external indications of possible risks at the upstream stages of our business relationships, we will also extend our risk analysis and our risk assessment to indirect suppliers. So far, we have not received any profound knowledge or external indications of such risks at preliminary stages.

In addition, Possehl carries out an appropriate risk analysis in its own business division as part of the risk management system that has been set up. In this context, corresponding self-audits are carried out at our own Group companies. In this way, we create greater transparency about potential risks in our own business activities. The risks we identify are assessed and prioritised if necessary.

Risk analysis and assessment are carried out by us once a year. If there are fundamental innovations in the business relationships, we will also analyse and assess risks for these on an ad hoc basis.

We inform all relevant departments at L. Possehl and in our companies about the results of the risk analysis and assessment, which are necessary for the implementation of the objectives and measures derived from them.

III.2 Prevention

Own business division

Possehl employees are obliged to respect and promote human rights within their sphere of influence. Possehl has anchored the values and principles described in the international frameworks in a Code of Conduct, which all employees must comply with.

If we identify concrete risks related to human rights or the environment in the course of our risk analysis, we immediately take necessary and appropriate risk-based preventive measures. Insofar as such risks are discovered in our own business area, we will take such measures that lead to an immediate avoidance of the identified risk.

Value chain

We have already integrated preventive measures and controls into our procurement processes in order to prevent the violation of human rights and environmental obligations at our direct suppliers wherever possible. These measures apply to both the acceptance process for new suppliers and the ongoing procurement process.

Insofar as our risk analysis identifies human rights or environmental risks at direct suppliers, our measures include, in particular, the implementation of training and audits as well as the establishment of contractual control mechanisms. In this case, we will ask our suppliers to confirm that they comply with our expectations and that they pass them on in their supply chain.

In the context of upcoming contract negotiations, we reserve the right to review compliance with our human rights and environmental expectations and to draw appropriate consequences in the event of violations. Individual Supplier Code of Conducts exist in individual business units of the Possehl Group.

In addition, Possehl has drawn up a Group-wide Code of Conduct for Suppliers and published it on the website of L. Possehl.

III.3 Remedy

If, as part of our risk analysis, we determine that a violation of a human rights or environmental obligation has already occurred or is imminent, we or the respective Group company will immediately take appropriate remedial action to prevent or end the violation or to minimise its extent. If a violation occurs in Possehl's own domestic business, Possehl will take such remedial action that will result in the termination of the violation.

In the case of breaches by direct suppliers, Possehl will, together with the supplier concerned, draw up a concept for ending or minimising the breach, including a time schedule. The immediate termination of business relations is not our primary goal, but rather to take all appropriate measures to end the violation as quickly as possible. If this is not possible, we will also consider terminating the supply relationship.

III.4 Complaints Procedure

Irrespective of the risk analysis and the risks discovered in the process, we have set up an internal complaints procedure outsourced to a third party, which enables all persons concerned to point out human rights and environmental risks as well as violations of human rights and environmental obligations. The complaints procedure is publicly accessible via the L. Possehl homepage at <https://www.possehl.de/die-gruppe/#compliance>. Access to the complaints procedure is thus available to our own employees and third parties (e.g. those affected by human rights risks), also in connection with subsidiaries and suppliers.

The complaints procedure we have implemented fulfils the requirements listed in § 8 LkSG, in particular it ensures barrier-free and low-threshold access to the complaints mechanism. Direct communication with the whistleblower is guaranteed. The procedure is described in detail in the rules of procedure also published here. The effectiveness of the complaints procedure is reviewed by us on an ongoing basis, but at least once a year, and, if necessary, adjusted in cooperation with the law firm we have commissioned.

III.5 Documentation, Reporting and Review of Risk Management

We continuously document the measures and decisions taken to fulfil our due diligence obligations in the operating business units and subsidiaries as well as centrally in the Group's holding company on the basis of an established process and keep them for seven years. For the documentation, we use digital tools that are standardised across the Group wherever possible.

Once a year, the human rights officer will report to the management of L. Possehl on the implementation of the human rights strategy and on recommendations for possible adjustments. On this basis, the management of L. Possehl will decide and determine necessary improvements and further steps with regard to risk management and the implementation of the human rights strategy. We will continuously document and archive the individual measures and steps for the effective implementation of our due diligence obligations.

In addition, we will publish an annual report on the fulfilment of our due diligence obligations starting with the end of our financial year on December 31, 2023. This report will be published on our website

no later than four months after the end of our financial year and will be available free of charge for a period of seven years. We will publish the details of this in due course.

IV. Identified Priority Human Rights and Environmental Risks

To date, the Possehl Group's direct suppliers have been examined and classified. The risk assessment has shown that human rights or environmental risks are to be expected primarily along our supply chains, extending to suppliers in regions with an increased country risk and/or an increased commodity group risk, as well as in complex supply chains whose participants in the upstream production stages are not always known to us. Overall, we have identified about 5% of the direct suppliers with a potential higher risk. In the next step, these suppliers will be subject to a detailed review based on information already available or with the help of questionnaires and, if necessary, on-site audits.

Specific violations of a human rights or environmental obligation have not been identified on the basis of the risk assessment carried out so far.

V. Human Rights and Environmental Expectations

We expect our suppliers and business partners to equally respect internationally recognised human rights and environmental standards and to apply them appropriately in the context of their own actions and in their own supply chains.

Possehl expects its own employees, suppliers and business partners to comply with applicable national laws, the legal requirements of the European Union and globally recognised social and environmental standards as set out in the United Nations Guiding Principles on Business and Human Rights (UNGP), the OECD Guidelines for Multinational Enterprises and the core labour standards of the International Labour Organisation (ILO).

The Possehl Group's expectations of employees, suppliers and business partners include, in particular, compliance with the prohibition of child labour, slavery, forced labour, disregard for occupational health and safety, disregard for freedom of association, withholding of adequate wages, causing harmful soil contamination, water pollution, air pollution, harmful noise emissions or excessive use of water, unlawful eviction and deprivation of land, unlawful use of private or public security forces, and prohibitions on the use of mercury under the Minamata Convention, on the use of banned chemicals under the Stockholm Convention on Persistent Organic Pollutants (POP Convention), and on the handling of hazardous wastes under the Basel Convention.

VI. Implementation of the Declaration of Principles





The members of L. Possehl's management implement this policy statement. Local implementation is the responsibility of the business units and those who are responsible at each location. This policy statement is binding for all managers and employees of L. Possehl and all controlled Possehl Group companies worldwide. It will be made available to all our employees in an appropriate form.

Questions and also suggestions regarding this policy statement can be directed to the Compliance Department at Possehl via eMail to compliance@possehl.de. Complaints or reports of non-compliance with this Statement of Principles may be submitted via the L. Possehl website at <https://www.possehl.de/die-gruppe/#compliance>.

This policy statement becomes effective upon signature. No rights of individuals or third parties may be derived from this policy statement. This policy statement does not have retroactive effect.

The policy statement will be reviewed regularly and on an ad hoc basis in accordance with the results of the risk analysis and adjusted if necessary.

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